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Soviet Arms Spending Reported Rising 10%

Detente-Fueled Trade Seen Aiding Moscow

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The Soviet Union plans to increase its spending on military equipment, which is already higher than U.S. weapons expenditures, by about 10 percent a year during the 1980s, according to a leading American specialist on Soviet military budgets.

The specialist, William T. Lee, also calculates that increased foreign trade has enabled the Soviet Union to devote more of its domestic production to armaments, and sees this as an example of detente's helping shift the military balance in the Soviets' favor.

As a private consultant working on contracts from the Pentagon and other sources, Lee has been presenting his findings to congressional committees and other panels around Washington in conflict with CIA specialists, among whom he once worked. He has contended for years that the CIA underestimates Soviet military spending.

The CIA admitted in 1976 that its estimates of the military burden on the Soviet economy, and therefore the priority that Kremlin leaders gave to armed strength, were too low. It doubled its estimate of the share of Soviet gross national product going into the armed forces and related military spending. The new range was 11 to 13 percent.

Since that admission, which adjusted CIA figures to close to what Lee was already calculating, Lee has won an increased following among U.S. and Western European students of the subject. Scanty estimates published by China support Lee.

With its overall economic growth slowing down while military spending continues to speed up, the Soviet Union is now spending 12 to 14 percent of GNP for military purposes, the CIA says. It estimates a ruble figure of 61 to 72 billion in 1980.

Lee and another leading critic of the CIA estimates, Prof. Steven S. Rosefielde of the University of North Carolina, say the agency has once again fallen behind the facts. Lee calculates that the figure was 18 per-

cent in 1980, and Rosefielde's critiques of CIA estimating methods support this.

Lee says the percentage will rise to above 20 on the basis of the pattern of allocations in the 1981-85 Soviet economic plan.

Former Defense Secretary James R. Schlesinger, who was critical of the CIA estimates when he headed the agency in 1973, said the other day that he believed "the Soviets are devoting 17 or 18 percent of their national effort to military efforts. The CIA numbers may be misleading, with the agency trapped in methodology that underestimates the magnitude of the military effort, he said.

The Reagan administration's proposals would increase U.S. defense spending for the 1982 fiscal year to slightly over 6 percent of GNP. Announced plans would raise that to a little over 7 percent by FY 1986.

Both the CIA and its critics contend that an understanding of the share of Soviet GNP going into its military effort is important. Western intelligence agencies have what they believe to be a pretty good count of Soviet missiles, tanks and submarines, regardless of their cost. But knowing the economic burden tells Western leaders much about Kremlin thinking.

In the new Soviet economic plan, both investment in future growth and consumer goods output will increase at a slower rate than in the past. But military spending will continue to speed up at the expense of other sectors of an increasingly sluggish economy. This shows a Soviet devotion to armed power as more important than future prosperity or present living standards.

This fits the picture of Kremlin thinking described in articles by National Security Council specialists on the Soviet Union.

Army Brig. Gen. William Odom, who worked on the Carter adminis-

tr me as central to Soviet Communism as the pursuit of profit is to societies with market-oriented economies."

Lee contends that during the 1970s the Soviet Union increased its sales to market economies of natural gas and other raw materials in order to import more advanced industrial equipment than it could produce itself. Not only did it get better equipment this way but it also freed some of its own industrial capacity to concentrate on weapons.

Thus, according to Lee's calculations from Soviet data, the era of detente made it possible for the Kremlin to order more and better weapons rather than diverting the economy from armaments to more peaceful purposes — as has been widely believed in the West, especially by Europeans who have been eager for Soviet trade.

Lee draws his conclusions primarily from Soviet data, adjusting them to include in military spending many things hidden elsewhere in the Soviet budget than under published defense accounts. He says the Soviet Union is now making a military effort of between 108 and 126 billion rubles a year, rather than the 62 to 71 billion estimated by the CIA.

Under Lee's questioning in congressional hearing whose transcripts were published late last year, the CIA conceded that its rubles were artificial values rather than the real rubles that would show up in the secret Soviet accounts. The U.S. government therefore lacks any official estimate of actual Soviet spending, Lee argues in his often scathing denunciations of the expensive CIA effort to find Soviet military figures.

In a confrontation last Wednesday between a CIA official, James Steiner, and Lee, Steiner disclosed that the agency knew actual ruble prices of only 135 things that the Soviet military buys. Other prices are computed by various means, including estimating dollar costs, and then using ratios to convert to rubles.

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